Investors (FIIs) are permitted to invest in a company upto an aggregate of 24% of equity shares, extendable upto 40% subject to approvals. This limit has been raised from 40% to 49% in the Budget 2001-02.

19. Under the Employee Stock Option Scheme, income tax payable on income from GDRs purchased in foreign currency by a resident employee of IT software and service companies, shall be at a concessional rate of 10%

20. Tax holiday under provisions of section 80-IA (Infrastructure Status) has been extended to Internet Service Providers (ISPs) and broadband Network providers.

21. Two-way fungibility has been permitted for ADRs/GDRs. Local shares can now be reconverted into ADRs/GDRs, subject to sectoral caps.

22. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific Research Association for the purposes of scientific, social or statistical research has been provided.

23. Information Technology Act 2000 has been enacted. This act deals with Cyber Security, Cyber Crime and other information security related legal aspects. This will encourage expansion of e-commerce through internet.

Development of computer hardware

2045. SHRI C.O. POULOSE: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) the names of the indigenous companies which have developed CPU (hardware) for the computer;

(b) how long the country would be dependent on imported computers; and

(c) what steps Government propose to develop computer hardware?

THE MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) to (c) Only two companies in

the world *viz.* Intel and AMD have developed CPU for PC which are used globally because of their compatibility. The Government initiatives to promote the IT/computer hardware sector are provided in the Statement.

Statement

Steps taken by the Government to promote Electronics Hardware Sector

1. Export Promotion Capital Goods Scheme (EPCG) has been rationalised and extended uniformly to all sectors without any threshold limit on payment of 5% duty.
2. Approvals for all foreign direct investment proposals relating to the Information Technology Sector, with the exception of Business-to-consumer (B2C) e-commerce are under the automatic route.
3. Electronic Hardware Technology Park (EHTP) Scheme is implemented under the aegis of the Ministry of Information Technology through a single window mechanism of the Inter-Ministerial Standing Committee (IMSC).
4. DTA access upto 50% of the FOB value of export is permitted for electronics hardware units under EOU/EPZ/EHTP Schemes. Broadbanding is permitted in the DTA sales of Hardware units for items covered in the Letter of Permission.
5. Accelerated depreciation norms for computers and computer peripherals for electronic units under Export Oriented Schemes (EOU/EPZ/STP/EHTP) have been enhanced. These shall stand depreciated to overall limit of 90% over a period of 3 years instead of around 5 years earlier.
6. Special Economic Zones are being set up to enable hassle free manufacturing and trading for export purposes.
7. Value addition norms for Rupee exports to Russia reduced from 100% to 33% under Advance Licensing Scheme.
8. The Depreciation on Computers has been allowed @ 60%.
9. In the Budget 2001-02, the peak rate of customs duty continues @ 35%. Customs duty surcharge @ 10% has been abolished

on all imports, in general but Special Additional Duty (SAD) @ 4% continues on all imports, except specific exemptions. In the 2000-01 Budget, Customs duty on Computers and Peripherals had been reduced from 20% to 15% and continues to be same. The customs duty on all storage devices, integrated circuits, microprocessors, data display tubes and deflection components of colour monitors also continues at 0%. In the 2001-02 Budget, Customs duty on Information Technology Agreement (ITA-1) items of WTO (IT and Telecom products) has been reduced from existing 20-25% to 15%. The concessional rate of customs duty for specified raw materials for the electronics industry continues. Customs duty on parts of Telecom reduced to 5%. 32 items (additional) of Capital Goods allowed at a concessional duty of 5% for the manufacture of semiconductors.

10. In the Budget 2001-02, the Central Excise duty structure has been rationalised from multiple rates to single rate of 16% and single rate of Special Excise Duty (SED) @ 16%.
11. Second hand capital goods upto 10 years old have been made freely importable.
12. Information Technology Software is exempted from Customs and Excise Duty.
13. EOU/EPZ/EHTP units are exempted from payment of Income Tax on export profits, upto 2010, in terms of Section 10A and 10B of the Income Tax Act.
14. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) has been extended to the IT sector.
15. Tax holiday under provisions of Section 80-IA (Infrastructure Status) has been extended to Internet Service Providers (ISPs) and Broadband Network Providers.
16. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Sceintific Research Association

for the purposes of scientific, social or statistical research has been provided.

17. Information Technology Act 2000 has been enacted. This act deals with Cyber Security, Cyber Crime and other information security related legal aspects. This will encourage expansion of e-commerce through internet.

Software Export

2046. SHRI B. J. PANDA: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) what was India's software export in the year 2000-2001;

(b) how much it was as a percentage of India's overall GDP growth;

(c) whether it is a fact that software business got affected in the first quarter of 2001-2002 by US slowdown; and

(d) if so, what is India's present ranking in the server market?

THE MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) India's total software export in the year 2000-2001 was Rs. 28,350 crores.

(b) During 2000-2001, India's software export was 1.43% of India's GDP while in the previous year 1999-2000, India's software export was 0.97% of India's GDP.

(c) Yes, Sir.

(d) According to information available with the Ministry of Information Technology, global server market was about US$ 50 billion during 2000-2001. The size of the Indian server market during 2000-2001 was US$ 270 million.